MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

BAC1034 – PRINCIPLES OF FINANCIAL ACCOUNTING

(All Sections/ Groups)

20 OCTOBER 2018
2:30 P.M – 4:30 P.M
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages with **4** questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

QUESTION 1

Given below is the Trial Balance for Lavender Berhad as at 31 December 2017.

Lavender Berhad **Trial Balance** **31 December 2017**		
Account Title	**Debit (RM)**	**Credit (RM)**
Cash	757,400	
Accounts Receivable	332,900	
Supplies	130,000	
Prepaid Insurance	296,000	
Office Equipment	100,000	
Accumulated Depreciation – Office Equipment		5,000
Office Car	250,000	
Accumulated Depreciation – Office Car		25,000
Accounts Payable		234,900
Notes Payable		120,000
Unearned Service Revenue		213,400
Ordinary Share Capital		900,000
Retained Earnings (1 January)		250,000
Service Revenue		290,700
Salaries and Wages Expense	40,800	
Rent Expense	86,700	
Advertising Expense	18,000	
Utilities Expense	27,200	
Total	**2,039,000**	**2,039,000**

Additional information:

1. A count of supplies as at 31 December 2017 indicated that supplies of RM50,000 has been used.
2. The notes payable amounted RM120,000 was issued on 1 January 2017 with 8% interest annually.
3. Insurance expired at RM4,800 per year.
4. Lavender Berhad noticed that RM42,000 of unearned service revenue has been earned as at 31 December 2017.
5. Depreciation for the year to be computed as follows:
    a. Office equipment is 5% using straight line method.
    b. Office car is 10% using reducing balance method.
6. The company declared a dividend of RM75,000 at the end of year.

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Required:

(a) Prepare the Adjusted Trial Balance. (9 Marks)

(b) Prepare the Statement of Profit or Loss for the year ended 31 December 2017. (5.5 marks)

(c) Prepare the Retained Earnings Statement for the year ended 31 December 2017. (2 marks)

(d) Prepare the Statement of Financial Position as at 31 December 2017. (8.5 marks)

[TOTAL 25 MARKS]

QUESTION 2

Part A

Given below is the list of account balances for Duchess Berhad as at 30 September 2017.

Accounts	RM
Accounts Payable	37,570
Accounts Receivable	91,803
Accumulated Depreciation – Motor Vehicle	44,577
Accumulated Depreciation – Office Equipment	20,176
Advertising Expense	9,724
Bank	68,900
Ordinary Share Capital	209,625
Cash	46,930
Depreciation Expense – Motor Vehicle	8,398
Dividends	8,840
Furniture and Fitting	106,080
Insurance Expense	8,905
Motor Vehicle	130,910
Notes Payable	73,138
Office Equipment	41,600
Prepaid Insurance	23,725
Rental Revenue	34,840
Salaries Expense	19,266
Salaries Payable	16,120
Service Revenue	128,622
Supplies	7,540
Unearned Service Revenue	15,600
Utilities Expense	7,647

Required:

(a) Prepare the closing entries as at 30 September 2017. (7 marks)

(b) Journalizing and posting closing entries is a required step in the accounting cycle. Explain why it is necessary to close the books at the end of an accounting period. (3 marks)

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Part B

Sensory Berhad started business early of January 2017. The company supplied imported fidget toys for autism children to several fidget stores in Malaysia. The following transactions occurred during January 2017.

Jan 2	Received an invoice from UK manufacturer for purchasing 500 spinner lights which cost RM150 each on account. The terms were 5/10, n/30 FOB shipping point. The appropriate party also paid cash RM3,500 for freight.
4	Returned 100 spinner lights to UK manufacturer.
6	Paid UK manufacturer.
8	Issued an invoice to Tangle Company for 300 spinner lights sold at RM300 each on account with terms 7/10, n/30 FOB destination. The appropriate party also paid cash RM1,600 for freight.
10	Tangle Company returned 40 defective spinner lights.
16	Received payment from Tangle Company.

Required:

(a) Journalize the above transactions by using a perpetual inventory system. Show all your workings. (11 marks)

(b) Find the balance for Merchandise Inventory account by opening a T-account. (4 marks)

[TOTAL 25 MARKS]

QUESTION 3

Part A

Lentera Berhad uses a perpetual inventory system. The following information is available for the month of October 2017.

Date	Explanation	Units	Unit Cost (RM)	Total Cost (RM)	Balance in Units
Oct. 1	Beginning inventory	400	200	80,000	400
9	Purchases	600	220	132,000	1,000
16	Purchases	800	240	192,000	1,800
21	Sales	1,300			500
29	Purchases	1,000	260	260,000	1,500
30	Sales	500			1,000
				664,000	

Required:

Prepare a schedule to show cost of goods sold and the value of ending inventory for the month of October 2017 using the FIFO method. (10 marks)

Continued...

Part B

1. Simfoni Berhad maintains a petty cash fund for small expenditures. The following transactions occurred over a 2-month period.

Jan 1	Established petty cash fund by writing a cheque on OSBC Bank for RM4,000.
15	Replenished the petty cash fund by writing a cheque for RM3,920. On this date the fund consisted of RM80 in cash and the following petty cash receipts: freight-out RM1,840, postage expense RM848, entertainment expense RM932 and miscellaneous expense RM224.
Feb 15	Replenished the petty cash fund by writing a cheque for RM3,740. On this date the fund consisted of RM260 in cash and the following petty cash receipts: freight-out RM1,552, entertainment expense RM860, postage expense RM660 and miscellaneous expense RM740.
25	Increased the amount of the petty cash fund to RM6,000 by writing a cheque for RM2,000.

Required:
Journalize the above transactions. (8 marks)

2. Identify the internal control procedures applicable for each case below.
   i. All cashiers are bonded.
   ii. Using garment sensors to deter theft.
   iii. Company's cheques are pre-numbered.
   iv. Rotating employees' duties and requiring employees to take vacations.
   v. The locked warehouse is accessible only by warehouse employees with keys.
   vi. Treasurer compares total receipts to bank deposits daily.
   vii. Different individuals receive cash and record cash receipts.

(7 marks)

[TOTAL 25 MARKS]

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QUESTION 4

Part A

Listed below is the list of account balances for Marscarf Berhad at the end of year 2016 & 2017.

Accounts	31 Dec 2017 (RM)	31 Dec 2016 (RM)
Cash	66,000	20,000
Accounts Receivable	36,000	28,000
Inventories	50,000	36,000
Prepaid Insurance	12,000	18,000
Office Equipment	120,000	64,000
Accumulated Depreciation – Office Equipment	40,000	28,000
Long-term Investments	0	36,000
Ordinary Share Capital	80,000	46,000
Retained Earnings	56,000	20,000
Bonds Payable	74,000	94,000
Accounts Payable	34,000	14,000

Additional information:

1. Sales and expenses for the year ending 31 December 2017 were RM240,000 and RM174,000 respectively.
2. The company sold the long-term investments for RM28,000.
3. Dividends were declared and paid during the year for RM30,000 by cash.

Required:

(a) Prepare a statement of cash flows for the year ended 31 December 2017 using the indirect method.

(10 marks)

(b) The statement of cash flows is the only required financial statement that is not prepared from an adjusted trial balance. What are the sources of information for preparing a statement of cash flows? Explain how the accrual basis of accounting affects the statement of cash flows.

(5 marks)

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Part B

A comparative Statement of Financial Position for Teemor Berhad appears below.

Teemor Berhad **Statement of Financial Position as at 31 December**		
	2017 (RM)	**2016 (RM)**
Assets		
Current Assets	320,000	328,000
Property, Plant and Equipment (net)	400,000	382,000
Intangible Assets	250,000	280,000
Total Assets	**970,000**	**990,000**
Liabilities		
Current Liabilities	261,000	275,400
Long-term Liabilities	480,000	494,000
Stockholders' Equity	229,000	220,600
Total Liabilities and Stockholders' Equity	**970,000**	**990,000**

Required:

(a) Prepare a horizontal analysis by using 2016 data as a base.

(8 marks)

(b) Compute current ratio for both years.

(2 marks)

[TOTAL 25 MARKS]

End of page.